

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY 330th
MEETING OF THE BOARD OF COMMISSIONERS July 30, 2009**

A meeting of the Board of Commissioners of the Rhode Island Convention Center Authority (hereinafter referred to as "Authority", the "CCA" or the "Board") was held on July 30, 2009 at 9:00 a.m. pursuant to notice, at the Rhode Island Convention Center Boardroom, One Sabin Street, Providence, Rhode Island.

Board members present were Chairman, David Duffy, Commissioners, Jeff Hirsh, William Daugherty, Bernie Buonanno, Letitia Carter, Patrick Butler, Paul MacDonald and Jason Fowler.

Mr. Gavitt, Mr. Nee and Ms. Venturini were unable to attend.

Also present were James P. McCarvill, Executive Director, Betty Sullivan, Ken Mancuso and Kim Keough, Rhode Island Convention Center Authority; Bruce Leach, Legal Counsel; Tim Muldoon, Deb Tuton, Antonia Anthony and Nancy Beauchamp, SMG/RICC; Larry Lepore, Bob Cappalli and Jodi Duclos, SMG/DDC; Hank Abate, SMG Corporate; Bob Duteau, Live Nation; Steve Habi, VMA; Tom Crocker and John Valez, DDC/Sportservice; Jerry Freed, Sportservice; Joseph Solomon, House Policy Office; Chantale Sarrasin, House Fiscal Staff; Robert Bromley, Senate Fiscal and Eileen Smith, Recording Secretary.

CALL TO ORDER

Chairman Duffy called the meeting to order at 9:02 a.m.

APPROVAL OF MINUTES

Mr. Duffy entertained a motion to accept the minutes of the 329th meeting, June, 2009. Upon a motion duly made by Mr. MacDonald and seconded by Mr. Butler it was unanimously VOTED: to approve the minutes as distributed

Mr. Duffy instructed the Authority office to send the approved minutes to the Secretary of State's Office via electronic mail. Mr. Duffy announced that the next meeting would be held on Thursday, August 27, at 9:00 AM.

Mr. Duffy asked for a moment of silence in memory of Martha Buonanno. Mr. Duffy expressed the sympathies of the authority to Mr. Buonanno upon the passing of his wife, Martha.

Mr. Duffy asked Mr. McCarvill to present the consolidated financial review. Mr. McCarvill noted that the VMA net income for the month of June was \$6,151 to budget and year to date net income was (\$24,546) to budget. Mr. McCarvill reported that management is gaining some traction with presenters, the arts community and past users that is encouraging for the future of the venue. Mr. McCarvill reported that for the month of June, Convention Center net income was \$72,573 to budget and \$277,138 to the prior year. Mr. McCarvill noted that the positive variance is the direct result of strong food and

beverage revenue as well as continued cost cutting measures in indirect expenses. Mr. McCarvill noted that Year to Date Net Income was (\$325,154) to budget and (\$428,006) to the previous year. He said that the unfavorable variance continues to be the result of reductions in income in the areas of food and beverage, ancillary and parking income. He said that savings of 8.6% in indirect expenses helped to reduce the impact on the bottom line. Mr. McCarvill reported that for the month of June the Dunkin' Donuts Center net income was negative (\$33,339) to budget and (\$16,012) to the prior year. Mr. McCarvill stated that Year to Date Net Income was (\$281,071) to budget and (\$178,002) to the previous year. Mr. McCarvill noted that the year to date net loss exceeded budgeted loss expectations by (43.1%). He said that low attendance for events with a partnership stake contributed to the variance. Mr. McCarvill reported that June's net income for the Convention Center Authority was \$276,853 to budget and (\$28,743) to the prior year. Year to date net income was \$2,474,055 to budget and (\$1,370,534) to the prior year. Consolidated net income for June is \$382,766 to budget and \$232,384 to the prior year. Year to date consolidated net income was \$1,867,838 to budget and (\$1,976,517) to the prior year.

Mr. Duffy reported that he had asked Hank Abate and Mike Evans to attend today's meeting. Mr. Duffy noted that Mr. Evans was not in attendance. Mr. Duffy expressed to Mr. Abate the Authority's displeasure at the lack of attention that our facility has been receiving from SMG. Mr. Abate stated that although Mr. Evans was not able to

be here due to a previous commitment he is anxious to meet with the Authority as soon as possible. Mr. Lepore noted that Mr. Duteau of Live Nation is here to explain what is happening in the arena business and answer any questions Mr. Lepore noted that a representative from AEG would also like to address the Board at a future date. Mr. Abate reported that SMG had brought Professional Bull Riding, Cirque du Soleil, Spirit of America and Walking with Dinosaurs. He said that the Summer is historically a very difficult time. Mr. Abate said that the big acts want the larger markets. He said that agents and managers are looking to Boston because of economics. Mr. Abate reported that there are several hold dates for acts. Mr. Duffy reminded Mr. Abate that we have had holds all year and they have not come through. Mr. Abate stated that it has been a hard year for everyone. Mr. Duffy asked what Mr. Evan's job consists of. Mr. Abate answered that Mike gathers information on what acts are thinking about coming out to tour. Mr. Abate explained the process of working with promoters. Mr. McCarvill stated that we did not have a single "can't miss" "must have" event in the just completed fiscal year. He said that our biggest event was the WWE televised matches. Mr. McCarvill said that SMG has a lot of clout in the industry and still did not bring us any of the marquee events we were seeking. These events are critical to the retention of our advertisers and suite holders. The timing of reopening was unfortunate and helps to explain the facts but we do expect more. Mr. Fowler noted that we understand that the economy is tough but asked what SMG is going to do to make a difference at this facility.

He said that we need SMG to bring more to the table and asked if SMG had a plan. Mr. Butler noted that that he had attended concerts recently. He said that the Jonas Brothers had been in Boston. Mr. Butler asked what the ticket price would be for that ticket. Mr. Duteau said that the tickets were between \$100.00 and \$350.00. Mr. Duteau noted that the artist is asking for guarantees that are not feasible for the Dunk. He said that Boccelli wanted a \$1,000,000 guarantee and therefore ticket prices would be too high for this market. Mr. Duteau reported that as a promoter he has passed on acts that require high guarantees. He said that his business is down 30% – 40%. He said that Live Nation is doing everything it can to put people in seats. Mr. Duteau reported that many artists are not touring because they don't want to gamble in these economic times. Discussions ensued regarding our competition Mohegan Sun and Foxwood. Mr. Fowler said that we are hearing all of the excuses but we need to have a plan.

Mr. Duteau noted that there are some unique problems with this building and its capacity, particularly on the floor caused by the reaction to the Station Nightclub fire. Mr. Lepore reported that RI does not allow general admission on the floor. He said that though the efforts of Ken Mancuso we have been lobbying the State. Mr. Lepore noted that we have to go to the State Fire Marshall for a variance for every event that wants general admission sections. Mr. Duffy asked if this problem was something we should look to change.

Mr. Abate said that the acts are being greedy and unrealistic. Mr. Abate said that eventually acts and artists will reappear. Mr. Butler asked why the Jonas Brothers would not play here. Mr. Abate said

that they are playing large venues.

Mr. MacDonald departed at 9:45

Mr. Duffy thanked Mr. Abate and Mr. Duteau for educating the Board on the entertainment business. He noted that Mr. Fowler has suggested a plan for the near future and said that we would like to see that plan. Mr. Duffy stated that the Casinos will be up the road from us forever and we need a plan to succeed.

SPORTSERVICE

Mr. Freed and Mr. Crocker distributed their State of the Season Report. Mr. Freed reported that there was an 18% increase in overall revenue and significant increases in restaurant and suite revenue. Mr. Freed said that concession revenue increased 19%. Mr. Freed noted that the rebranded restaurant has raised food quality and service to very high standards. He said that restaurant revenue increased by 47% and suite revenue by 21%. Mr. Crocker reported that this has been a great year. He said that there have been solid family events and that pre-order for the suites has worked very well. Mr. Crocker noted that plans are in the making to set up a bar on the suite level. Mr. Crocker noted that credit goes to John Valez for the improvement in service and food quality. Mr. Crocker thanked Ms. Sullivan for helping to create private dining areas within the restaurant. Mr. Duffy commented that revenue for PC was down and

asked why that would be. Mr. Crocker said that Bruins fans avail themselves of the concessions whereas PC fans are more likely to go out to dinner before a game. Mr. Hirsh asked about use of the restaurant for Bruins games. Mr. Crocker said that there are standing reservations for all Bruins games and many families use the restaurant. Mr. Duffy thanked Mr. Freed and Mr. Crocker saying that this is a fine report. Mr. Buonanno asked Mr. Hirsh if he was pleased with the improvements. Mr. Hirsh stated that Sportservice is doing a much better job. Mr. Fowler said that he thinks Mr. Crocker and Mr. Valez are doing a great job.

CONVENTION CENTER

Mr. Duffy asked Mr. Muldoon and Ms. Tuton to report on Convention Center operations. Mr. Muldoon noted that the Convention Center had a good June. Mr. Muldoon reported that some difficult personnel decisions were made to cut expenses. Mr. Muldoon reported that parking revenue continues to be down. He said that unemployment in the State has had an impact on the number of parkers. Mr. Hirsh asked Mr. Muldoon if he knew how other parking facilities in the City are doing. Mr. Muldoon said that he has heard that they are all down. Mr. Fowler noted that some lots have lowered rates to match ours. Ms. Carter asked what the parking rate was for Cirque du Soleil. Mr. Muldoon said that the \$10.00 family show rate was in effect. Mr. Fowler cautioned that other parking facilities will be going after our

clients and suggested that Mr. Muldoon contact them to solidify contracts. Mr. Muldoon thanked Mr. Fowler for his advice and agreed to follow up. Mr. Muldoon reported that some equipment in the kitchen and garage had been added to the generator. He said that there would be more discussion of energy at the August meeting. Mr. Butler asked if parking for the Dunk could be distinguished from Convention Center parking. Mr. Muldoon said that to some extent it is possible and that some assumptions can be made and tracked. Mr. McCarvill asked if there is any value in looking at the entire RICC, DDC and Parking facilities as one enterprise with combined operations including event parking from whatever source as part of that single enterprise. The total net operations could be a new metric as opposed to our current reporting on four business units, i.e. RICC, Food & Beverage, Parking and DDC. Mr. Buonanno suggested that an outbreak of the Swine Flu will have an impact on the facilities.

VMA

Mr. Hahl reported that the VMA is chugging along. He reported that the Chamber's Business After Hours went well. Mr. Hahl noted that Hal Holbrook ticket sales are going well with very little advertising so far. Mr. Duffy said that we appreciate being included in the PPAC mailer. Mr. Hahl reported that he is working on a dedicated VMA e-blast. Ms. Carter asked if the VMA does anything with the Iron Horse Group. Mr. Hahl said that he has reached out to them to woo them back to the theater. Ms. Carter noted that they can provide

some good quality acts. Mr. Buonanno asked about signage for the building. Mr. Hahl said that he is prohibited from doing digital signage on the building because of its proximity to the highway, but we are exploring the viability of a banner or banners facing I-95.

WEB DESIGN

Ms. Keough reported that Nail Communications addressed the Marketing Committee on Tuesday. Ms. Keough reported that the name for the landing page is the Rhode Island Convention and Entertainment Complex. She noted that there have been many working sessions to plan the layout of the site. Ms. Keough reported that the completed web-site will be presented in September. Mr. Fowler asked if the garage will be part of the site. Ms. Keough said that parking will have a prominent place on the site as well as a detailed map. Mr. Buonanno asked why the Dunk is not in the name. Ms. Keough stated that the name is only the landing page. Mr. Buonanno noted that the Dunk is the most recognizable name. Discussions ensued regarding the names of the individual facilities and the umbrella of the Complex. Ms. Carter asked if there will be links to each facility to find coming events and purchase tickets. Ms. Keough responded that it will. Mr. Fowler asked if there will be room for comments and suggestions. He also noted that there might be advertising opportunities.

Mr. McCarvill noted that the fence is up around the War Memorial site.

He said that the installation of the memorial is scheduled to be complete by September 14th for dedication on September 24th. Mr. McCarvill reported that the project has been very difficult because of underground utilities. Mr. McCarvill said that Ms. Sullivan is pushing hard to make sure the project is done on time and Gilbane is aware of the project deadline and importance.

Mr. Duffy reported that a copy of a letter that was sent to the Management of the Providence Place Mall was included in today's packet.

Mr. Duffy asked if there was any new business. Hearing none he asked for a motion to adjourn. Upon a motion duly made by Mr. Butler and seconded by Ms. Carter it was unanimously

VOTED: to adjourn at 10:48 AM